

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1701 - SB 1763

February 11, 2018

SUMMARY OF BILL: Establishes a \$2.00 privilege tax, imposed on each customer, per each entry into an adult performance business. Defines “adult performance business” (APB) as a business that is: an adult-oriented establishment; provides live nude entertainment or live nude performances for an audience of two or more individuals; and permits the consumption of beer, wine, liquor, or other alcoholic beverages on the premises.

Requires each APB to keep a daily recording of the number of customers admitted to the business, and make such records available to the Department of Revenue (DOR) upon request.

Establishes the Sex Trafficking Victims Fund (the Fund). All revenue collected pursuant to the tax imposed by this legislation shall be allocated to the Fund, and shall remain with the Fund and not revert back to the General Fund. Specifies as the intent of the General Assembly that monies in the Fund be appropriated to the Department of Human Services (DHS) to provide services to victims of sex trafficking.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$372,300/Sex Trafficking Victims Fund

Assumptions:

- In 2008, Texas passed similar legislation which charged a \$5 fee per entrant to an APB.
- Texas has collected an annual average of approximately \$6,873,800 from approximately 1,374,760 entrants (\$6,873,800 / \$5) to APBs.
- Texas has an estimated 192 APBs, for an average of 7,160 entrants per year per APB (1,374,760 / 192). This equates to approximately 20 entrants per day per APB per year.
- Each Tennessee APB will experience approximately 7,160 entrants per year.
- Tennessee has an estimated 26 APBs.
- Tennessee APBs will experience 186,160 total entrants per year (7,160 x 26).
- The recurring increase in state revenue to the Fund is estimated to be \$372,320 (186,160 x \$2).
- Given the proposed intent of the General Assembly for such monies be appropriated from the Fund to DHS to provide services to victims of sex trafficking, it is assumed the fund will be administered by the DHS to provide services.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb